

Message Text

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PAGE 01 STATE 069280 TOSEC 030072
ORIGIN NODS-00

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DRAFTED BY D-WCHRISTOPHER:EDH
APPROVED BY D - WARREN CHRISTOPHER
S/S - MR. SEBASTIAN
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FM SECSTATE WASHDC
TO USDEL SECRETARY NIACT IMMEDIATE

S E C R E T STATE 069280 TOSEC 030072

NODIS
CHEROKEE

E.O. 11652: GDS

TAGS: PFOR, OVIP (VANCE, CYRUS)

SUBJECT: ITC RECOMMENDATION ON SHOES

1. YESTERDAY AT 2:00 PM, IN THE ABSENCE OF UNDER SECRETARY COOPER, I ATTENDED THE MEETING OF THE ECONOMIC POLICY GROUP ON SHOES. THE PRESIDENT HEARD A WIDE RANGE OF VIEWS.
 2. ALONG WITH OTHERS, I EMPHASIZED THE IMPORTANCE OF THE SHOE DECISION AS A TEST OF THE PRESIDENT'S POLICIES ON INFLATION AND PROTECTION HAVING BROAD IMPLICATIONS BOTH IN THE DOMESTIC AND INTERNATIONAL SPHERE. THOSE OF US TAKING THIS POSITION URGED OPTION 1 WHICH PROVIDES A SPECIAL ASSISTANCE PACKAGE BUT NO IMPORT RESTRICTIONS.
 3. A SECOND GROUP, LED BY LABOR, COMMERCE, AND AGRICULTURE URGED OPTION 2 WHICH PROVIDES FOR A TARIFF RATE QUOTA IN
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- PAGE 02 STATE 069280 TOSEC 030072
- A SOMEWHAT LESS RESTRICTED FORM THAN RECOMMENDED BY THE US INTERNATIONAL TRADE COMMISSION. THIS GROUP STRESSED THE POSSIBILITY OF A CONGRESSIONAL OVERRIDE IF THE PRESIDENT REJECTS THE ITC RECOMMENDATION.
4. SPECIAL TRADE REPRESENTATIVE STRAUSS, WHILE LEANING TOWARD THE SECOND OPTION, PROPOSED A COMPROMISE UNDER

WHICH THE PRESIDENT WOULD REJECT THE ITC'S SPECIFIC RECOMMENDATION, ANNOUNCE THAT HE INTENDS TO GRANT RELIEF, BUT NOT ANNOUNCE THE FORM OF RELIEF FOR UP TO 90 DAYS. THIS WOULD GIVE STRAUSS AN OPPORTUNITY TO SEEK ORDERLY MARKETING ARRANGEMENTS WITH TAIWAN AND KOREA. THE BULK OF THE DISRUPTIVE IMPORTS ARE COMING FROM THESE TWO COUNTRIES AND STRAUSS SAID HE RECEIVED INDICATIONS OF THEIR WILLINGNESS TO RESTRAIN THEIR EXPORTS.

5. THE PRESIDENT RESERVED DECISION. HOWEVER, HE ASKED STRAUSS TO DRAFT A STATEMENT ALONG THE LINES OF HIS COMPROMISE PROPOSAL. THE PRESIDENT ASKED STRAUSS TO DISCUSS THE STATEMENT WITH HENRY OWEN AND WITH ME AND TO HAVE IT READY FOR THEM TO PRESENT TO HIM TOMORROW (WEDNESDAY). I HAVE TALKED TO STRAUSS THIS MORNING, AND HE REGARDS HIS COMPROMISE AS ONLY THE "LEAST WORST" ALTERNATIVE BUT THINKS THAT THE TIME IT BUYS IS APPEALING TO THE PRESIDENT. BELIEVING THAT THE PRESIDENT'S STANCE ON THIS ISSUE WILL BE OF GREAT IMPORTANCE AT THE SUMMIT AND IN SUBSEQUENT NORTH-SOUTH DIALOGUE, WE WILL TRY TO MAKE THE STATEMENT AS FAVORABLE AS THE CIRCUMSTANCES PERMIT. I AM RELUCTANT TO SEE THE PRESIDENT START OFF IN WHAT WILL BE CONSTRUED AS A PROTECTIONIST DIRECTION, HOWEVER WELL THE STATEMENT IS CAST, BUT THAT IS THE CURRENT DRIFT.

6. PLEASE ADVISE IF YOU HAVE ANY INSTRUCTIONS ON THIS MATTER.

CHRISTOPHER

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PAGE 03 STATE 069280 TOSEC 030072

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